

Ships' officers fight for seamen's travel perks

by John Draper

LIVE in Auckland, work in Wellington—and the boss will pay the air fare every week. It's a desk-bound executive's dream, specially if Auckland could be swapped for the Bay of Islands or Waiheke Island or... anywhere.

But for seamen, cooks and stewards working on the Cook Strait Rail ferries it is a reality. Their travelling bills cost Railways around \$400,000 a year.

And now officers who often live in the same area, if not the same street, and frequently go to work on the same flights, want their travel paid too.

Officers living outside Wellington are entitled only to concessionary travel on trains and Road Services buses to get to and from work, like all other railway employees except the seamen and a-a-going cooks and stewards.

The Railways claims that officers who are classed as permanent staff are told the job in Wellington-based when

they are employed. And as Government employees they are entitled to removal expenses and help in finding housing in the Wellington area.

If they choose to live elsewhere, the travel is at their own expense.

Other ranks on board all New Zealand registered ships are regarded as industry employees and can be ordered to work on any ship out of any local port, so long as the employer pays the cost of getting aboard.

Travel allowances have been a running sore for the Railways since they were first introduced, supposedly on a year's trial in 1977.

NZR was then being pressured by the unions as well as other members of the Maritime Employers Association to pay the allowances in return for a national register of seamen, cooks and stewards.

The Jamieson Commission of Inquiry into shipping first called for a national roster to be established in 1971.

Its investigation stemmed from the Wainui dispute of 1968. At that time and through to 1977 the Seamen's and the Cooks and Stewards Unions controlled the registers and allocation of members to ships. Employers objected strongly to the union's role. If a seaman was sacked and the employers went looking for a replacement, the union concerned frequently put forward the same man as being the only one available.

Forty-three times the Seamen's Union put forward a man who had been sacked from the Union Steam Ship's Wainui, bringing coastal shipping to a halt in October 1968.

Early in its report the commission of inquiry stated: "This is a sick industry. It seems to us that this is apparently engaged in it, but nobody seems to be able to do a great deal about it."

As the agreement came into effect in January 1977 there were 50 outport workers on board the ferries. By June 1978 there were 105

and a year later 161. One hundred officers also live outside Wellington.

Seamen, cooks and stewards since 1977 have been a major source of friction between officers and management.

NZRI estimate that a \$400,000 now spent on air could double if it is given full effect to the officers.

To yield would go some to

in relieving the English officers' claims that the

workers has deteriorated. The Merchant Service also claims the relativity of the price, for the rail ferries, and the coastal oil tanker fleet based at Marsden Point, is not paying travelling costs from outports when seamen, cooks and stewards were not available on the Wellington "corner".

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Don't change leaders, back the rebels

by Collin James

DNE of the most interesting events of the National Party conference was a little unscheduled meeting between some backbenchers and party activists.

The meeting attracted little attention. Few knew about it. But it was in a way symbolic of the main preoccupation of the conference: the caucus.

Its theme was: how to keep flying the flag the new backbench MPs have nailed to the mast in the parliamentary National Party (the caucus).

It is that flag - bedecked with the symbols of private enterprise and individual initiative - which a number of key people in the party see as the rallying point for the 1980s.

So the meeting canvassed ways of maintaining links between backbenchers and party activists in addition to the rank and file contacts in individual electorates.

As I understand it, there were suggestions of an informal network of contacts with members with specialists

expertise able to apply basic party ideology to individual issues - a sort of ginger group with a pipeline into the caucus, helping backbenchers provide an effective review of government policy.

I understand more meetings are planned for the future, though at this stage too much should not be read into them (particularly implications of leadership putches).

But the meeting mirrored concern at high level that the new MPs - most notably Ian McLean, Doug Kidd, Geoff Thompson, Michael Cox - and others now reflecting their approach should be supported to the hilt.

President George Chapman put it bluntly on the final day: the party and its government can't afford to defeat in 1981; or it can be boldly innovative and win.

In effect, he was saying: The remnants of the Holyoake era will tip to defeat in 1982 and who still festoon the upper reaches of the Cabinet will not produce bold innovation unless they are pushed; the new

backbenchers are pushers and it is through them that lies the best hope of salvation in 1981. The cynics might say that is some hope - backbench MPs eventually get minced in the parliamentary meat grinder of overwork and patronage; these ones are just leaking a little longer.

Chapman does not accept that. Nor do the MPs themselves.

Privately, some of them draw the same distinction a number of influential party people are drawing: that the 1978 intake owed their seats to the Prime Minister, but that this intake is there despite him.

Chapman doesn't see it that way. He professes to see signs of a more permanent change in Government.

On television he said the process of the past few months had been a "reassessment of National's forward process. I believe we are going along the right lines now."

His April message, he said, was getting through to the electorate. The concern of the electorate and the party were

now being reflected in caucuses and the Cabinet.

Was this an implied criticism of the leadership, an endorsement of the Gough, Cooper, Templeton ("minority who influenced the budget in the direction of eventual greater reliance on market forces")?

Whether it was or not, it is hard not to conclude it was.

Chapman brought conference delegates face to face with two realities as I understand he sees them:

One is that hopes for a miracle transformation of the party through a leadership change are wishful thinking. In contrast, with the mood I detected in May, there was at the conference a belief and acceptance that Muldoon will lead the party in 1981.

The low-key first day, leading up to the Prime Minister's address that evening, established that.

His address was masterly, full of humour and mickey-taking of the people National Party members love to hate. He fought back good-humouredly on three points of criticism from within the party - industrial relations 1981 is out, the doubling of family benefit trust National Party people have a heart and the fiscal regulator Labour proposed worse in 1971. And he made a concession to the party, acknowledging its role in winning elections.

He delighted them with a virtual endorsement of British Prime Minister Margaret Thatcher's attempt to sell the white-dominated Mugabe-Zimbabwe Rhodesia Government -- which got prolonged applause -- and utilized with promises of imported energy decisions and investigation of a customs union with Australia.

Great stuff, but as one senior party staffer-elder inter-

complained privately, no substance in the sense of a coherent, forward-looking private-enterprise-individual initiative future.

But it served its purpose, bolstering those who like him anyway and sweetening the pill for those who don't.

The second of Chapman's realities was that changes can be made without a change of leader, a distinction that has been understandably blurred in the minds of delegates outside Auckland.

In other words, Chapman gave them hope, because without hope there can be no real commitment.

First, hope in the economic sense - Bill Birch parading before them energy options in an unscheduled address (which got a standing ovation despite his flat delivery, causing one delegate to remark that "the currency is being debased"), a series of optimistic discussion groups led by Ministers and MPs on New Zealand in the 1980s and a trawl of world-wide opportunities for New Zealand economically and politically from the recently peripatetic general director, Barrie Ley (who also got a standing ovation when he turned to toy money).

Taken with his comments about the legacy of Holyoake era and his firm warning indeed, time is very short, the "bold innovative" necessary to win in his speech of break-audience.

Small wonder that many a survivor Brian Muldoon left to carry the can to Cabinet in the final act.

Chapman, though, Muldoon as virtual leader of the party -- very individual and talented -- both of them.

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A New Zealand butter mountain, rivaling the European Economic Community's own surplus, is piling up in Britain. Although it is the official price for butter and Anchor's minimum, most Community members are in fact discounting by up to \$20 a tonne. But the Dairy Management Committee has so far refused to take account of the discounting to reduce the New Zealand levy.

Supermarkets buying in bulk naturally seek the cheapest prices and Anchor can no longer claim the number one selling spot.

The Anchor mountain is growing. Stocks at the beginning of 1978 were 28,982 tonnes. By the end of 1977 they had reached 67,531 tonnes and despite a Common Market subsidized buying spree last Christmastime, the Dairy Board's mountain was "substantially higher".

Butter sales were \$260 million of which \$195 million went to Britain.

Protocol 18 is supposed to guarantee New Zealand's butter sales to Britain though

Anchor is landed in Britain for \$1898 a tonne. A levy of 345 pounds raises the price to 1228 pounds (\$2580). The Dairy Board claims this is too high. It seems evident that the Dairy Management Committee now is trying to enforce a stricter interpretation of the agreement.

Beyond the community, the world butter market is small, totalling around 230,000 tonnes.

The community is the largest supplier with New Zealand and Australia dividing the balance.

The Planning Council notes that the world market "is simply not large enough to absorb a further significant displacement of New Zealand butter exports from the dairy industry means to the economy."

Skin milk powder and casein are also dependent on butter exports being manufactured by producers. Sales totalled \$158 million in the year to May 31 1978.

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the community has always taken the line that the quotas can be reviewed, as they have been, downward.

The Dairy Board is adamant that Britain must take New Zealand's butter. There is no other outlet for the quantity produced nor is there any alternative milk production.

Cheese will be the growth area in future but butter will always be a staple commodity.

Lobbying behind the scenes in Brussels and in London is intense. EEC Agricultural Ministers are also being brought in New Zealand at the taxpayers' expense to see what the dairy industry means to the economy.

Common Market Agricultural Commissioner Olav Gunnlaugsson recently in New Zealand gave assurances that there would always be a market in Europe for Anchor butter. But the European politicians still seem to be frustrating the Dairy Board's efforts to sell its quota.

In the past the Board has cooperated with the community

by not always fulfilling its reduction in the levy on Anchor without changing the price to the housewife. But it will still give the quota and the amount landed a fall.

The commission will recommend to the council of ministers later this year that New Zealand be given a permanent access and one proposal is almost certain to make a lower quota in return for a higher price.

And if New Zealand is forced to accept heavily reduced quotas it still leaves the immediate problem of how to melt as well as cutting production at home.

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Dairy Board attempts to melt butter mountain

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EDITORIAL

SOME two years ago, Accident Compensation Commission chairman Ken Sandford decided he was not concerned about the state of the commission's finances. The ACC could dip into its reserves fund (accumulated from excesses of income); or — if the trend to more payout and higher administration costs continued over a long period — it could ask the Government to increase the levies.

These expressions of confidence were prompted by a National Business Review report in March 1977 that the commission was "headed for financial self-destruction unless the rates are charged or the Consolidated Fund comes to the rescue". The total number of claims was rising; the cost of settling each claim was being pushed up by inflation; and "...the longer the ACC was in existence, the longer would grow the list of claims with a long tail — those involving permanent disability, for example".

Sandford described our report as "pure nonsense." Our "allegations" were "laughable — I am astonished that such a thought could even be floated by anyone."

Last week, for the second successive year, the commission advised that insufficient funds had been collected from employers to meet the estimated on-going costs of compensation for employees. Making an allowance for the future effects of inflation, based on advice from the Government Actuary, the commission estimated there would be a shortfall in the balance of the earners' fund of about \$18 million this year. That is on top of the estimated 1978 shortfall of \$40 million.

You don't have to be a financial wizard to figure that expenditure in excess of income spells trouble — unless something turns up.

The news would not be welcomed by employers, whose levies provided \$85.5 million of the ACC's total income of \$142 million.

The latest shortfall signals a need for further change. The levies may be increased yet again, or the scheme may be restricted in the coverage provided for sporting accidents, for example.

But increased levies are sure to be given a hostile reception. It was only in May that Sandford was obliged to keep to the defence of the scheme in the face of widespread criticism of a 7 per cent levy increase. New Zealand employers were still getting accident compensation on the cheap, he said then.

His explanation for the increase? Well, reserves had dropped below the level needed to pay for the future costs of today's accidents and the cost of non-work accidents had been higher than estimated, he emphasized.

The accident compensation scheme completed its first five years of operations at the end of March. The Government considered it timely then to review ACC operations, and a Government committee was set up to undertake a wide look at the scheme.

Included in its study is the issue of non-work accidents — the subject of much heated criticism from employers, who resent paying ever-increasing levies for accidents which occur outside the workplace.

Another complaint of businessmen is that there has been no recognition of good safety records, and that efforts to cut accident rates have not been rewarded with refunds.

Perhaps the ACC should be operated on a pay-as-you-go basis, capping annual income with annual ceilings. All claims in one year thus would be met by the charges and levies that year. While this could cause severe fluctuations — in some years, substantial payments would mean substantial levies — the ACC would not be trapped into finding itself underfunded for future liabilities.

The accident compensation scheme was hailed as one of the most enlightened acts of social legislation in the world when it was introduced. But administrative flaws have become all too apparent and some major reforms are inevitable.

Bob Edlin.

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THE exodus of "plane people" is keeping travel agents busy. And it seems that the queue to opt out begins in at least one travel agent's office.

A colleague (who, incidentally, has been learning how to be more assertive at a Victoria University extension class) went to an agent to pay and collect her tickets for a trip to Europe.

The receptionist offered her a seal for "a few minutes", then disappeared.

The minutes turned into 10 and only two plumes of cigarette smoke curled lazily upward from behind a screen to indicate that the office had not been abandoned.

On investigating, our would-be traveller found the receptionist and travel agent taking morning tea.

Could it be that someone has found the answer to slowing down the emigration drain?

FINANCE houses want better protection on money lent to car dealers wanting to stock showrooms and yards.

They can claim against the Licensed Motor Vehicle Dealers' fidelity fund set up to protect the public against unscrupulous members.

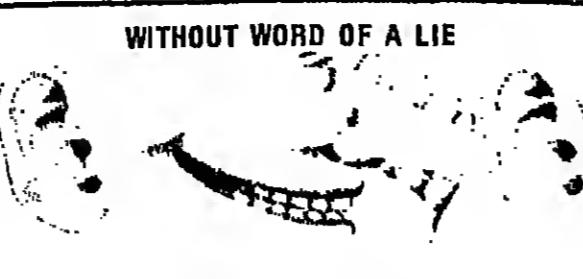
But proposed changes (NBR July 18) will prevent finance houses from claiming against the fund when dealers, who go broke, renege on their debentures.

Instead, the financiers will have to queue up after usgce and astary earners to claim against the remaining assets of a liquidated dealer.

The Motor Vehicle Dealers Institute wants to change the rules controlling the \$250,000 fidelity fund because of the high level of payouts requiring extra levies on members.

The businessman disagreed, quite rightly in our view, stating that a Government department should be able to communicate the information to its customers in time.

That aside, the pensioner strongly disagreed with the businessman claiming that the Government had announced



Minister Hugh Temple Energy Undersecretary Billir "You would be better proponents of enterprise," the Select Committee said.

"Quigley".

AT \$200 an hour, based Harry D Schulz certainly claims to be world's highest-paid travel consultant.

Whilst in New Zealand earlier this year, he and Prime Minister Rob Muldoon seeking information Harry Schulz Newsletter also gave an interview.

The other day we received letter from Schulz's based press side, Sam Cooper, requesting a NBR interview.

Schultz, according a letter-head, is now dressed as "The Queen Harry D Schulz, KHC", would appear from stamping on his post envelope that he has been elevated to the various titles.

It begins with a map of Japan adjacent to the New Zealand item, a mistake which Cooper assure us resulted because "our picture poster was suffering from temporary amnesia".

Schultz says the highlight of his visit was a one-hour audience with Prime Minister Muldoon.

"He gets a withering press who claim his manner is cavalier and brusque," Schultz writes.

"He was formerly Finance Minister, and he grasp of money matter is impressive.

"I presented a series of suggestions to the PM. He agreed with me on about 40 per cent, disagreed on 60 per cent and gave me pretty good reasons for differing."

Schultz then writes how refreshing it sometimes is to get an inside story on situations which the press and public often get wrong.

"Most diabolical of New Zealand's problems are:

We learn from edition of Schulz's that he is a great Britain's Tory Field Margaret Thatcher.

But did Maggie ever knighted the Queen?

Perhaps the most illuminating comment was an on-the-record one from a delegate in the economic discussion group.

When Energy Minister Bill Birch sold of the panel he shared with Deputy Finance

The title "The Chevalier" perhaps sheds some light. Turning to the dictionary again, the Concise Oxford lists Chevalier as a "member of certain orders of knighthood and of the French Legion of Honour; . . . soldier, cadet of old French nobility; . . . adventurer, swindler".

The French Embassy said Chevalier was the country's most junior honorary title. It is awarded to public servants only after 20 years service to businessman in recognition of their services to the country for 25 years.

Reading Schultz's newsletter is as enthralling as trying to trace the significance of his various titles.

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Captive locals subsidise jet-set



by WARREN Berryman WHEN Air New Zealand and NAC were merged, the public was told the move would mean savings of \$10 million. Any suggestion that the local captive consumer would have to subsidise Air New Zealand's international operations with high domestic fares was hotly denied by Air New Zealand spokesman.

The decision to merge was made behind closed doors and Transport Minister Colin McLachlan declined to release the report on the proposed merger.

Domestic services contributed \$4 million to profit; international services only \$3.4 million.

Last year's profit for Air New Zealand was \$5.47 million. The year before that it was nearly \$1.7 million.

So profits for the international side last year were less than one-third of the 1977 profit.

Air New Zealand has to compete on the international side.

The domestic side, Air New Zealand (formerly NAC) has a virtual monopoly. And it is apparent that domestic passengers, many of them commuting businessmen, are subsidising losses on Air New Zealand's international operations.

Chairman Bill Macleod said profits on the domestic services were greater than for international operations.

Radio Pacific's directors are delighted the survey results.

On a seven-day basis for Auckland's 10 years and older audience (10 plus), Radio Pacific's share was 10.1 per cent, 12.3, and Radio 1 was down to 8.3 per cent.

Radio Pacific's real strength was in the older age groups and housewives. Radio Pacific and Hauraki were neck and neck for the household listener — 22 versus 23 per cent.

In the 35-plus age group (Monday to Friday day time), Radio Pacific had 18.6 per cent.

The survey appears to have depressed the yield on international flights and the return per passenger is on a diminishing scale."

According to Mace, total passenger traffic increased by 15.2 per cent on all services.

Billed down, that is an increase of 3.0 per cent for domestic traffic and 13.7 per cent for international traffic.

But domestic fares have gone up to increase the yield.

Domestic fares went up a further 10 per cent as an "interim measure" announced two weeks ago. Further domestic fare rises are predicted.

But the domestic travel buyer can't protest by going next door to a competing airline.

Air New Zealand's domestic and international routes should be profitable, if judged on the same basis as other airlines.

Domestic load factors were 7.1 per cent and international load factors 69.2 per cent, according to Mace.

Such load factors would be rated "good" at the very least by other airlines.

So it seems that Air New Zealand flourishes where it enjoys a monopoly and withers where it faces real competition. Why?

The international aviation magazine Flight does a yearly survey of world airlines.

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Auckland - Mon Desir Motor Hotel
Set amidst beautiful native Pohutakawa trees on the North Shore's Takapuna Beach, just 10 minutes from Auckland City.



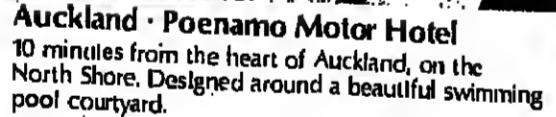
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Young incurs wrath

by Rae Mazengarb

LANDS Minister Venn Young has incurred the wrath of three national environmental groups — and may receive a rap over the knuckles from a Supreme Court judge.

Young has attempted to adjudicate on whether land in Nelson's Maitai Valley is a reserve.

By a notice in the New Zealand Gazette dated June 15, this year, the Minister declared that the land was not a "reserve".

Under section 5 of the Reserves Act, the Minister has the power to make such a declaration when there is doubt about the classification of land.

But legal proceedings had begun in May this year seeking a ruling on that very question.

It's understood the lawyer representing the various environmental groups wrote to the Minister on behalf of his clients in mid-July, asking him to revoke the declaration rather than interfere with legal proceedings.

The Minister last week declined to do so.

The council admits it bought the land for those purposes, but says it bought the land also

for other purposes as permitted by the Municipal Corporations Act 1954.

The purchase was financed from the council's \$10,000 water account, the subdivision reserve account (\$35,000), and the capital improvement account (\$40,000).

When title was transferred in September 1971, the council was described as owning the land as a pleasure ground within the provisions of the Municipal Corporations Act.

But after the purchase, the council decided to plant the area in commercial forest.

Local residents formed themselves into an amorphous group called Friends of the Maitai Inc to protest against this development.

The friends maintained the land should be developed in accordance with a report by a landscape architect commissioned by the council earlier.

The dispute really isn't about house rents per se. It's over the electricity workers desire to find some way to develop capital equity during their careers, as most middle-class New Zealanders are able to do when buying a family house.

For three years the venture was on-and-off again.

In June 1977, the council started burning off the land, showing the extent of the forestry proposals for the first time.

But this is difficult to do when they are required to live in departmental houses. The rent is cheap, but often they are so far out in the wops-wops that there would be no resale market for the houses.

While the negotiations dragged on, the Government wanted a fair return on the town houses and would increase the rents in line with increases in the capital valuation.

That is what sparked off the fight each year.

In 1975 the house rents were due to go up, and after some

consultants to Government and others acting on the same commercial grounds.

The suggestion is a compromise between the argument that some expertise, presently in the ministry, must be retained and the argument that its expertise and resources are not properly utilised.

The idea was canvassed in recent discussions on a revised Public Works Act.

NBT understands there were some strong advocates in the Government for the idea or a variation on it, but the ministry has stalled drastic action in the meantime.

Its activities in the construction sector have long elicited critical comment from private enterprise.

Contractors claimed a symbolic victory in the flagging of the Public Expenditure Committee's report on the Kaiwharawhara Tunnel, which was highly critical of the ministry's control of the project. The case for the ministry carrying out the construction work itself had hardly been established, the report said.

Some elements in the National Party Caucus would like to see the ministry virtually disbanded as a competitive force in the economy. That idea has won the full support of the Contractors' Federation.

One member of the caucus committee, Taranaki MP Ian MacLean, earlier this year called for a critical examination of the ministry's operations.

One idea floated in some circles was to split the ministry into three separate organisations.

There would be a Ministry of Works to administer various Acts, service statutory bodies and advise Government.

But two independent corporations would also be set up.

One corporation would be a construction group which could compete alongside the private sector firms. It would be directed to operate on commercial lines and make a proper return on assets.

A design and engineering corporation would act as

Mediator drags workers' house rent dispute toward a settlement

by Cathy Strong

IT HAS been four years coming — but it appears that a settlement is near for the electricity workers dispute over house rents.

And both sides — the Public Services Association and the State Services Commission — say that the Government's industrial mediator Walter Grills had a lot to do with it.

When he came on to the scene last month no one expected the parties to reach total agreement on anything.

But the PSA and SSC came to terms on a scheme, and this week they are seeking final approval from the Government's Cabinet Committee for State Services and from the rank-and-file electricity workers.

The dispute really isn't about house rents per se. It's over the electricity workers' desire to find some way to develop capital equity during their careers, as most middle-class New Zealanders are able to do when buying a family house.

Grills gave a one-month suspension to the rent increases. At the end of the month he would assess the progress of the talks to see if the increases should be paid or frozen in a moratorium for a further month or so.

The next year a National Government took power and the new Minister, Peter Gordon, put up the rents despite "promises from a previous government".

Strikes followed.

The dispute went to a special commission of inquiry which made the Government return \$60,000 of the rent increases, it also sent the parties back to negotiate the equity scheme.

(Committee chairman Nigel Taylor openly criticised the Government's broken promise. A year later he was replaced as chairman of the State Services Tribunal which resulted in a flurry of negotiations that the Government didn't like some of his decisions.)

Despite the Inquiry, the circular fight continued. Every time the Government wanted to increase rents, the union wanted the rents



THE INDUSTRIAL FRONT

formule and equity scheme settled first.

This year the strike threat was met by the Prime Minister's deregistration threat. The PSA agreed to go to mediation, but Muldoon wanted the mediator's decision binding.

The PSA said it would go to mediation, not arbitration, and that it would decide later if it wanted to give the mediator the all-inclusive powers of an arbitrator.

The mediation started out the same old way — the PSA demanding the latest rent increases stopped and the PSD demanding the rents unaltered.

Grills gave a one-month suspension to the rent increases. At the end of the month he would assess the progress of the talks to see if the increases should be paid or frozen in a moratorium for a further month or so.

Almost like a teacher bribing a slow reader with lollies.

Whatever Grills' strategy, that month is up on August 16, and it appears that at long last the workers will be getting some sort of house buying scheme to help them with capital security in retirement.

The details haven't leaked out yet, but it is a complex scheme that will allow a worker to nominally buy the house he lives in. At the end of that term he can resell it to the Electricity Department at the current rate, whether that is above or below the original rate.

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Templeton swaps realism for Muldoon wizardry

Economics Correspondent

DR Muldoon has run out of miracle cures. Even his resort to multi-media broadcasts cannot restore the patient's confidence in his treatment. But before his patients have time to consider a new regime, Muldoon's trusty deputy Hugh Templeton is quietly taking over the practice.

No longer is the patient expected to swallow cheerful diagnoses that there is health and prosperity just around the corner or a light at the end of the tunnel. Templeton's method of bringing the patient back to health is to face him with the ghastly realities of his illness.

In his recent speech to the Wellington Chamber of Commerce, Templeton forecast a grim future for the country. New Zealand may have to face the deepest recession it has seen for 35 years.

The Deputy Finance Minister explained that a wave of inflation is ceiling into the recovery prospects of Western nations. These nations have run out of the possibilities for increased productivity through technical change which helped them to maintain expansion in the past in spite of rising costs.

Because of this, the world is poised to enter the longest and possibly deepest recession since World War II.

If the recession comes, the impact of the world economy would have an immediate result in New Zealand and would lower growth rates straight away.

Templeton said that "in such situations commodity producers such as New Zealand have to accept lower returns while their imports continue to rise... oil costs go up and transportation costs also rise".

As a result, Templeton suggests that our balance of payments deficit could deteriorate by a minimum of \$200 million in the next year and will probably be much more.

A close look at Templeton's speech shows that he practices the same sort of medicine as his leader. Templeton does not enunciate Government policy any differently. The old question marks about where the Government's policy commitments lie remain.

Like his mentor, Templeton is all style and no content. His more realistic assessment of economic activity has not led him to suggest constructive long-term policies.

His excuse for not doing so is that "policies for radical restructuring... would have

is still low. And according to the New Zealand Institute of Economic Research, businessmen are clearly pessimistic about the future.

Almost half of the respondents to the June quarter Survey of Business Opinion expect general business conditions to deteriorate during the next six months.

The economic climate created by the Budget was supposed to make everything all right. Now, according to Templeton, "essentially what New Zealand needs is an acceleration in investment and productivity in the export sector..."

He thinks this will offset any of the other difficulties the economy is likely to experience.

Budget measures will help exporters through export incentives and a free exchange rate system which should minimise the higher costs of imported raw materials. Manufacturers have certainly shown general satisfaction with the policies aimed at exporting and this may result in some new investment.

But if the domestic situation deteriorates, exporting may not seem like such a good idea. Exporters will find it difficult to compete overseas if there is a massive jump in internal costs.

Of course, as Templeton cries, "the Government has made clear again and again the need for restraint in this wage round".

Templeton correctly argues that if we do not control wages, push inflation we will kill the investment we need to create more jobs and more wealth.

Restraint in the wage round means finding ways of keeping the growth in wages down.

The Government seems to think this can be brought about by direct controls.

Muldoon has not yet gone as far as reimposing wage controls by legislation, but he has gone within a hair's breath of doing so. And he has made it clear that he will resort to regulation if wage increases in the "free bargaining" wage round go beyond 10 per cent.

To use high rates of inflation as an excuse for not taking the hard decisions about the economy now seems to be throwing the baby out with the bathwater.

Templeton deserves a pat on the back for his willingness to be candid with the public, but his realistic attitude could have a depressing effect on the economy.

To a certain extent, economic behaviour is guided by expectations. When there is a feeling of optimism in the air, firms have traditionally risked new investment. Because of pessimistic economic forecasts, it has been some time since there has been much inclination for new investment.

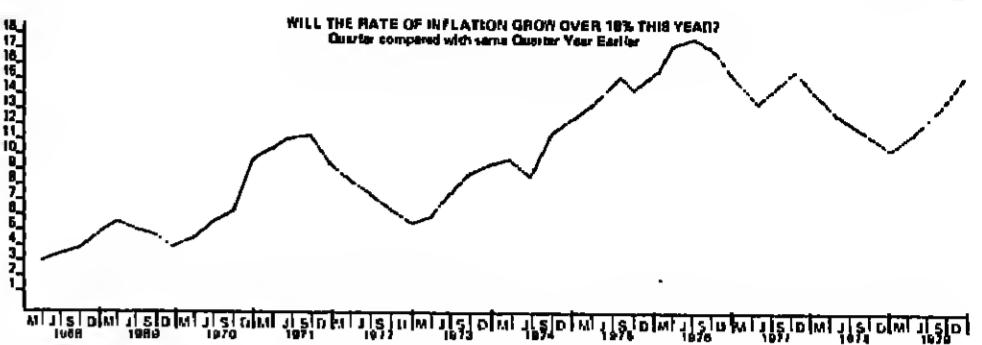
An addition of 15 per cent on costs is not going to make life easy for exporters or for any business firm for that matter. New Zealanders traditionally have looked to their political leaders for

guidance in economic affairs. But more and more it seems that our leaders are not capable of stepping outside politics for long enough to get an effective long-term view of the economy and to take the sometimes unpopular decisions necessary to restore economic progress.

National Party president George Chapman blames the 12-year consensus reign of former National Prime Minister Sir Keith Holyoake for many of New Zealand's present problems.

Perhaps the National Government could dwell less on politics up to the 1981 election. At no time since it took office in 1975 has this Government shown an initiative to practise what it has preached about the economy.

Templeton's realism presents a refreshing change from Dr Muldoon's wizardry for those on the lunch-lane economic address circuit. But showing an appreciation for the economic problems facing the country does not compensate for the tentativeness and timidity of the Government's longer term economic policy.



THE ECONOMY

the risk of overheating the economy and accelerating inflation".

Certainly inflation is a worry. The New Zealand Chamber of Commerce survey of business found a continued deterioration in the health of private enterprise and cited inflation as the number one villain.

But with inflation of the June quarter at 15 per cent and the annual rate of growth in prices on an upward trend, it appears inflation is accelerating despite the Government's wish to keep it down.

The Deputy Finance Minister explained that a wave of inflation is ceiling into the recovery prospects of Western nations. These nations have run out of the possibilities for increased productivity through technical change which helped them to maintain expansion in the past in spite of rising costs.

But if the domestic situation deteriorates, exporting may not seem like such a good idea. Exporters will find it difficult to compete overseas if there is a massive jump in internal costs.

It is difficult to disassociate the present Prime Minister from this blame since he was Minister of Finance during the latter period of Holyoake's Government.

They may be beating a dead horse, anyway. An overall two-party swing of only 0.9 per cent will push the National Party out of office in the next general election, according to analysis released by Canterbury University political scientists Ann McRobbs and Nigel Roberts. And a 1 per cent

swing to National would result in the capture of only one seat.

With those future political prospects, the National Party is in a good position to treat the 1981 election as beyond its control and concentrate its energies on bringing about the economic miracle they promised instead.

At no time since it took office in 1975 has this Government shown an initiative to practise what it has preached about the economy.

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NBR BUSINESS WEEK

PM recycles second-hand investment criteria

by Peter V O'Brien

THE Government's "new" criteria for assessing overseas investment applications are 18 years old.

When Finance Minister Rob Muldoon announced the changed policy on overseas investment the other day he or his advisers made no reference to the report Criteria for Industrial Development which the Tariff and Development Board sent to the then Industries and Commerce Minister, Jack Marshall, in June, 1968.

That report referred particularly to local industrial investment. But the board included a section on overseas investment.

In a letter to the board (Included in the report),

Marshall said: "the Government agrees that, in determining the nature and character of industries that should be encouraged in New Zealand, regard should be paid to all the criteria enumerated in the report. The broad objective of the Government is to stimulate industrial development in such a way that the greatest productivity and the most economic use of our resources of labour, capital, and material area achieved. In applying the criteria to the establishment and protection of units of industry these goals must be kept in mind".

Muldoon listed the new criteria last week. One was "new export markets or better market access".

The board recommended

In 1963, the board recommended "the contribution the industry makes to developing export markets or otherwise earning overseas exchange".

Muldoon added "the extent to which the proposal was likely to make a net positive contribution to the balance of payments".

The board covered that with "the extent to which the industry can, by import substitution, save the expenditure of overseas funds, both immediately and in the long term".

Muldoon is concerned about "the creation of new job opportunities", and "introduction of new technology, managerial or technical skills".

The board recommended

"the extent to which the industry provides employment opportunities and the best use of labour and management resources, and offers scope for the development of industrial skills".

In 1963, the board recommended "the extent to which the industry makes to developing export markets or otherwise earning overseas exchange".

The board had several recommendations to cover that point:

- The extent to which the industry aids the further development of natural resources;

• The extent to which the industry will form a basis for the development of associated industries;

• The extent to which an industry is of the optimum size, having regard to the size of both the domestic and export markets;

• The extent to which the industry makes the greatest economic utilisation of capital equipment;

• The extent to which the industry makes a contribution to the national security in that it has strategic importance or is able to provide goods essential for the people and the maintenance of the economy in the event of serious adverse external circumstances arising.

The board also made recommendations on direct overseas investment:

- The extent to which the industry requires the participation of overseas capital either as equity capital or by way of loans the board said an inflow of overseas capital was desirable where it is accompanied by technical knowledge, use of patents, and introduction of new skills, or where New Zealand capital is not readily available. It also went consideration given to the participation of New Zealanders in equity capital.

• The extent to which the industry has needs in overseas research, design, techniques, and industrial skills, and their usefulness in making a contribution to New Zealand's industrial development.

Muldoon and the board agreed on another particular criterion. The former wants to see the potential impact on the environment (not so important in 1963) and on regional development.

The board recommended as a criterion "the extent to which the industry makes a contribution to regional development".

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How much does laundry cost your business?

Even if it's only \$1,000 per year, OPL can save you at least 35%!

Think about it.



"It's time someone cut back your laundry costs! That's why we developed the OPL Great Alternative to 'outside' laundries."

Ian Moses
Managing Director
On Premise Laundries

It's certainly time to question your laundry bill! The OPL "on-premise" laundry system helps almost every company to operate more profitably.

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Managing Director
On Premise Laundries Ltd
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P.O. Box 4211, Auckland
Telephone 888-487

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Tough rigid steel shelving especially designed at the right price. Please write to or phone our Sales Manager giving details.

Analysing annual accounts

by Peter V O'Brien

THE Goodman Group Ltd (formerly A S Paterson & Co Ltd) is big business.

The annual report shows sales of \$72.8 million in 1978-79, compared with \$31 million in the previous year.

Shareholders funds are \$23 million (\$13.4 million), and total assets were valued at \$50.9 million (\$24.5 million) at balance date.

The growth has come through acquisitions of other large companies.

Last year Goodman took over Bonds and NZ Flourmills, and lifted its holding in AB Consolidated Ltd, to 90 per cent of the capital.

Comparisons between the 1978 and 1979 reports are difficult, because the new subsidiaries distort the balance sheet

and profit and loss account items.

The 1980 report will allow an assessment of the movements, assuming the company sticks with what it has.

The report is well presented, with a shift towards the magazine-style pioneered by Challenge Corporation. This is a sensible development for a company with subsidiaries in textiles and hosiery (Bonds), biscuits and pastry (NZ Bakeries), with 12 manufacturing units from Palmerston North to Oamaru, flour (NZ Flourmills), with two subsidiary companies and a 50 per cent interest in Zealandia Milling Co. and Aulsebrooks Alled Mills), and farming supplies (Hammond Irving & Brownlee & Brownlee).

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Goodman would assist shareholders and other readers if it adopted divisional accounting. The report gives sales figures for Bonds (\$25 million), and some general statistics, or a breakdown of the sales mix, for other subsidiaries.

It is impossible to work out the particular investment in the different sections, and there is no information on the return on investment by main subsidiaries.

There is considerable difference between the activities of Bonds and NZ Flourmills, for example. The latter's sales are under the control of the Wheat Board, which sets quotas by region, while the former earns its return through open competition with other textile companies.

The banking activities involve Goodman in comparatively low priced and rapid turnover products, and therefore have different financial considerations from other group interests.

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The percentage relationship between pre-tax profit and sales since 1975 is shown in the table.

YEAR	RETURN PERCENT
1975	5.91
1976	6.37
1977	9.23
1978	7.99
1979	7.40

The inclusion of AB Consolidated in the latest accounts may explain the deterioration in the figure for 1979. Re-organisation of that subsidiary could give a better return in the current year, while the trading outlook may also lift the overall result in 1979-80.

The company is receiving a reasonable cash flow relative to total assets after allowance for asset revaluation.

Cash flow was 10.7 per cent of total assets at March 31, 1979, compared with 10.9 per cent in the previous year. The slight fall is insignificant, allowing for the \$2,600,000 of asset revaluation last year.



Chairman Peter Shirtliffe says approximately 12.5 per cent of group assets are doing little better than "break even", so there is room for improvement in the relationship.

The company is receiving various taxation benefits, from exports and other activities, and it could include a breakdown of the amounts gained from the different provisions of tax law. This information is desirable for shareholders, and is a common fault in the accounts of public companies.

Meeting dates clash via random selection

by Peter V O'Brien

THE present random selection of annual meeting dates is unsatisfactory. Companies choose a date and time usually based on the availability of the annual report, and access to meeting rooms. They usually make the meeting coincide with the monthly gathering of the directors.

If the latest election "new", what has been done since being done since 1968?

Some of the Government's senior advisor industrial development were young in 1968 and may be forgotten, thinking that their ideas are modern, rather than recycling of a 1968 document which was 290 pages of written text and a 337-page transcript cross-examination of inquiry.

Twenty-six parties before the board, would you believe? Secretary to the Governor of the Reserve and Secretary for Trade and Commerce.

The 1978 election has nothing to do with them, as they are consistent with the recommendations of the Government.

It may be of some significance to note that span of 10 years Jack McHugh told Muldoon if he adopted the same policies as the country's development.

These policies are remarkably similar guidelines laid down by Labour Government when it set up the now well-known special work scheme.

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Name
Address
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RP1

Glow slips from TV

If present trends continue, television's place in the advertising sun could well be threatened according to the president of the Association of New Zealand Advertisers, Colin Mortenson. He lists rising advertising costs, lack of forward planning and, currently, a rough deal to regional advertisers as factors which threaten the popularity and, indeed, the economics of television as an advertising medium.

"We need a lot more information and we need it now," said Mortenson.

"Advertisers are marketers and even now is a little late to be finalising marketing plans for 1980. We need the specifics of the new deal. Advertising days, if they are to be charged Hours of advertising Programme Information. In particular, how are rates to be structured in terms of time zones or package deals or whatever."

"This escalation has taken place during a period when the domestic economy has been

"We have no lead time left for next year's marketing plans. Some advertisers may have to think in terms of other media."

Mortenson sees the concentration of regional and retail advertising on TV2 as unfair treatment.

Outside of Auckland, these advertisers are reaching only a minority audience. When audience shares equate, the objection will be removed but the arbitrary action has disadvantaged the regional advertisers in the meantime at least.

ANZA is looking forward to working with other advertising organisations and with media to establish a uniform and practical code of ethics operated through a central representative body.

New Zealand has set high standards of advertising behaviour and we want to see it kept that way through self discipline. At present we have too many independent standards and too many differing decision makers. We have to ensure an efficient system of self regulation or suffer the unpleasant alternative of regulation imposed from outside," said ANZA's president.

Mortenson described as unrealistic the statements of politicians that further advertising could bridge the gap in BCNZ's television's budget.

"Simply put," he said, "there are no more dollars for advertising. Television has to be careful that it does not price itself out of the market."

"Advertising is funding about 75 per cent of the running costs — as apart from the developmental costs — of television. We don't think that is a particularly healthy position, especially when you consider the dependence on relatively few large television advertisers to contribute a

stationers, there was very little secured ad-space for number two. But advertisers returned for number three.

Sports Digest has some colour on eight of its 16 pages.

Deadline, which used to be the middle of the month before publication, is now four days before it appears. Of the previous contents, only O'Brien's "Sportsview" column and the useful "Sporting Calendar" survive.

The first front-page lead had one of those headlines that rebound all the further because they are catchy. The day before the second rugby test, over Keith Quinn's byline: "France no chance".

Long serving editor Brian O'Brien has stepped aside for two part-timers, Bob Fox from the Evening Post (also INL) and Paul Cavanagh, probably

on the strength of his 20 years in the business.

INL empire revamps digest

THE INL publishing empire has become enthusiastic involved in its endeavour to rejuvenate Sports Digest.

The 30-year-old monthly has

become a bigger-format fortnightly and newsprint has given way to art paper.

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SIR FRANK HEMES
"distinction between secrecy and poor co-ordination"

by Geoff Palmer

INFORMATION gives power to those who have it and deprives those who do not. The near monopoly of information enjoyed by government is an important source of executive power in New Zealand. An increase in the amount of government information available to parliament and the public should assist in the checking and scrutinising of decisions reached by the executive branch of government.

As a famous American judge, Mr Justice Brandeis, once said: "Publicly is justly commended as a remedy for social and industrial disease. Sunlight is said to be the best disinfectant and electric light the most efficient policeman."

Secrecy in New Zealand

Government in New Zealand is organised on the opposite principle. The presumption is in favour of secrecy and that

Information gives power to those who have it and deprives those who do not

preference is backed by extraordinarily severe laws.

The heavy artillery protecting official information appears in the Official Secrets Act 1962, a piece of legislation which also contains provisions about spying and harbouring spies, unlawful use of uniforms and interfering with persons on guard at prohibited places. The Act contains an ugly provision which casts the burden of proving innocence on the accused if "from the circumstances of the case, or the conduct of the accused person, or his known character as proved, it appears that his purpose was a purpose prejudicial to the safety or interest of the State..."

Some restrictions on the use of official information are necessary. People would be outraged if anyone could have access to their hospital records, the details of their income or their trade secrets. Government holds an enormous amount of information about all citizens on a great variety of topics. It would be unacceptable for all the information to be disclosed without restriction. Quite apart from arguments relating to the security of the state, privacy and human considerations demand that not everything made available.

Cabinet ministers are under severe restrictions as to what they can reveal about information coming into their hands. An executive councillor (which all cabinet ministers are) must swear that he will not directly or indirectly reveal such matters as shall be debated in council and committed to secrecy. The oath

number of other laws which prevent disclosure: The State Services Act 1962 states that a public servant who "directly or indirectly discloses or for private purposes uses any information" acquired in the course of duty breaks the law. (s.58) Further restrictions appear in the Public Services Regulations. Furthermore, the law relating to many sensitive activities contains provisions restricting the use of information: for example, census, statistics, taxation, factories and hospital records. The Wangaroa Computer Centre Act contains controls on the use of information stored in that facility.

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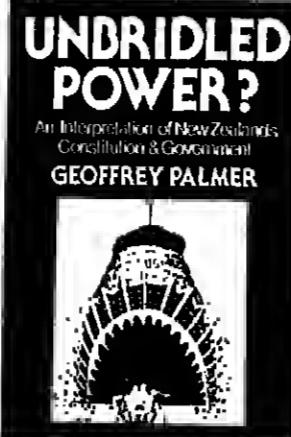
Cabinet is the key decision-making body in the New Zealand government. It is protected by a cloak of secrecy. The theory is that the cabinet must be seen to be united on everything. One of the more intriguing questions about cabinet secrecy is whether it will stand up in court. When the diaries of Mr Richard Crossman, a former British cabinet minister, were to be published in England, the attorney-general sought injunctions against the publishers to prevent publication. He failed. Lord Widgery, the chief justice, said the courts would restrain publication if it could be shown that the publication would be a breach of confidence; or that publication would be against the public interest because it would prejudice the doctrine of collective cabinet responsibility, and there was no compelling public interest why they should be published. The passage of time made a difference, however, the chief justice held. In that particular case a lapse of nearly ten years had occurred. In the circumstances it could not be demonstrated that the overriding public interest in non-disclosure was continuing. Restraints on publication would be made only in the clearest cases.

In correspondence preceding the case, the secretary of the cabinet put the case for secrecy this way:

"The conventions which in the public interest govern the publication of works by former Ministers have evolved over many years and been accepted by successive administrations. They flow from the two complementary principles of the collective responsibility of the Government as a whole and the personal responsibility of individual Ministers."

"As regards the first of these, the Cabinet meets in secret and the records of its proceedings are secret until of historical interest only..."

Only in this way can completely frank discussion take place between Ministers in the Cabinet and in Cabinet Committees without the risk of extraneous pressure and controversy. It has also always been held vital for good government that other confidential communications between Ministers and their senior civil servants, should be protected from untoward disclosure. This is not a matter which depends on the Official Secrets Act. It is based upon the inherent needs of government, and the mutual trust which needs to exist between Ministers and between Ministers and their senior advisers. It is an essential feature of the doctrine of collective responsibility which lies at the centre of our system of government."



continues blind ministers even after they have ceased to be ministers. Whether the oath has any application to matters discussed in cabinet must be regarded as legally dubious, however.

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Where no attempt is made to invoke the Official Secrets Act, the courts may be more liberal than the executive branch of government in allowing the free flow of government information. On the other hand, it is plain that the courts, as illustrated by the Crossman case, accept the need for confidentiality to surround the proceedings of cabinet for a substantial period. Whether collective responsibility is such an important feature of our government to warrant the protection afforded cabinet papers is open to debate. Certainly confidentiality at the time of decision seems necessary, although in many countries "leaks" from such documents are published in the media. Two or three years after the decision should be long enough for the protection to last in many categories. The reasoning of the British cabinet office smacks of paternalism and at bottom depends on the view that the people should not know that the people who make decisions on their behalf may have different opinions from each other.

The courts also control a complicated branch of the law known as crown privilege.

That arises where a citizen has sued the government for perhaps someone else and requires information from the government which will assist his case. At one time the courts would bow to any claim made by the government that the information sought should not be disclosed in the national interest. In recent years the courts have taken the view that they, not the minister, will make the final decision. And that end a court will look at the information which is the subject of the dispute to see whether it can be disclosed. Again, in this area of the law, we find the courts saying that they will not order disclosure of cabinet documents until such time as they are of historical interest only. Neither will they allow disclosure of documents connected with policy-making and quite a wide range of other matters touching on foreign relations and law enforcement.

Some legislation and practices in New Zealand ensure that the public has access to some official information. The Public Bodies Meetings Act 1962 requires the meetings of a wide range of public bodies to be open to the public. The bodies include local authorities, university councils, school boards, catchment boards, and even the South Canterbury Wallaby Board. The power to exclude the public is given where it is considered that:

• publicity would be prejudicial to the public interest by reason of the confidential nature of the business to be transacted;

• there are other special reasons arising from the nature of the business;

• publicity would be likely to cause unnecessary personal embarrassment or to unnecessarily damage the personal reputation of any person;

• a public body may treat the need to receive or consider recommendations or advice from sources other than from within the organisation itself as a special reason why publication would be prejudicial to the public interest.

The Public Bodies Meetings Act demands that where the public is excluded from any meeting the "general subject of each matter to be considered while the public is excluded and the reasons for the passing of the resolution

must be stated. Any member of the public can now inspect the executive branch of government in allowing the free flow of government information. On the other hand, it is plain that the courts, as illustrated by the Crossman case, accept the need for confidentiality to surround the proceedings of cabinet for a substantial period. Whether collective responsibility is such an important feature of our government to warrant the protection afforded cabinet papers is open to debate. Certainly confidentiality at the time of decision seems necessary, although in many countries "leaks" from such documents are published in the media. Two or three years after the decision should be long enough for the protection to last in many categories. The reasoning of the British cabinet office smacks of paternalism and at bottom depends on the view that the people should not know that the people who make decisions on their behalf may have different opinions from each other.

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THE accompanying article is an edited extract from a chapter on access to official information from the new book on the New Zealand constitution by Geoffrey Palmer, professor of law at Victoria University in Wellington. The book, "Unbridled Power?" was published by Oxford University Press and available from bookshops at \$8.95.

than necessary. It would avoid the need for legislation which would inevitably have to be amended, perhaps frequently. It would allow practice to evolve without suddenly throwing the administration of government into confusion or placing it in an adversarial relationship with members of the public. Yet it would provide for fundamental change in government's approach to the availability of information to the public. Such a proposal should be combined with the provision of the fullest information available to the executive about a bill upon the occasion of its introduction to parliament. No change in the law is necessary to accomplish that.

There are a number of areas

where disclosure of information would be of practical importance to the citizen. The Department of Social Welfare operates through the use of manuals. These manuals tell staff how to handle various problems which arise in the processing of applications for benefit. They detail the manner in which certain discretions in the legislation are to be exercised. The effect of such a practice is that the department is administering a type of "secret law", to which the people whom it affects have no access. The same sort of problem can be seen in a number of fields of government administration. Such manuals should be made public. There is no justification

for keeping the rules secret. If they are fair and lawful they should be known; if they are not, they should be known so that they can be attacked. It should be government policy that all manuals relating to any matter in which a department deals with the public or a section of the public should be available for public inspection on request. Few policies could be as simple as those to remove suspicion from the minds of those who must deal with government.



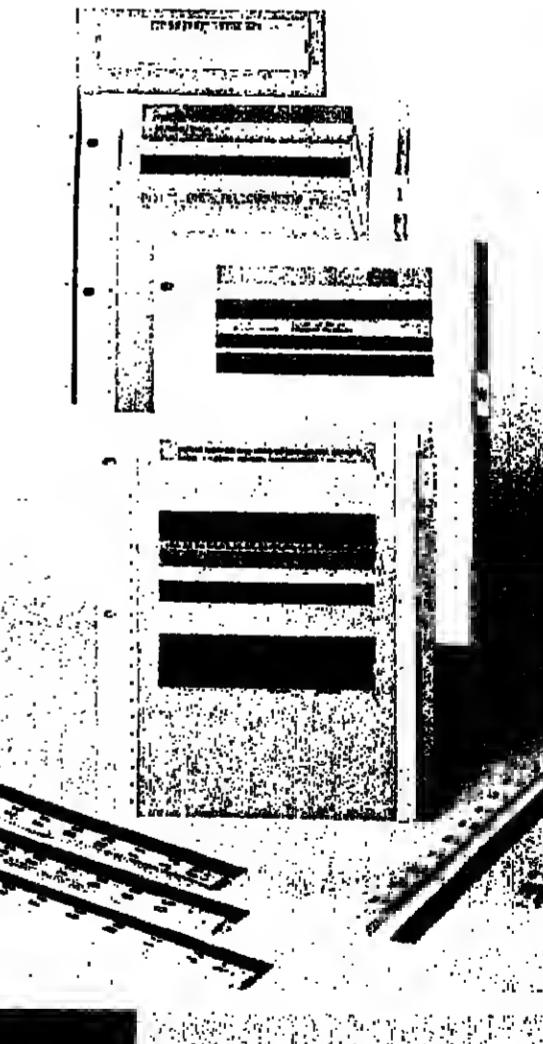
MICHAEL MINOGUE
"erotic and investigatory role"

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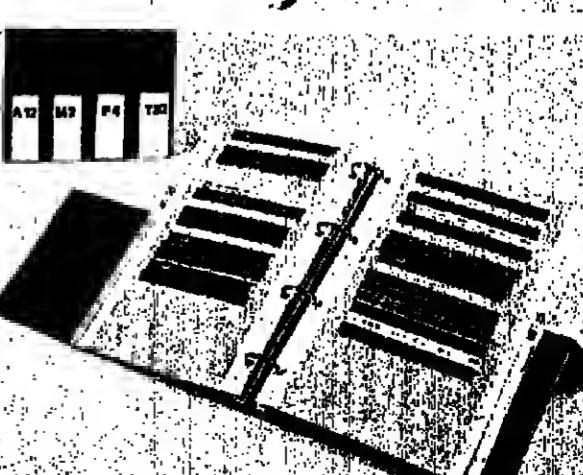
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Information gives power to those who have it and deprives those who do not
Sir Frank Hemes
"distinction between secrecy and poor co-ordination"

by Geoff Palmer

INFORMATION gives power to those who have it and deprives those who do not. The near monopoly of information enjoyed by government is an important source of executive power in New Zealand. An increase in the amount of government information available to parliament and the public should assist in the checking and scrutinising of decisions reached by the executive branch of government.

As a famous American judge, Mr Justice Brandeis, once said: "Publicly is justly commended as a remedy for social and industrial disease. Sunlight is said to be the best disinfectant and electric light the most efficient policeman."

Secrecy in New Zealand

Government in New Zealand is organised on the opposite principle. The presumption is in favour of secrecy and that

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Policy-makers avoid common sense

by David Boswell

IT has been known for some years that Maui gas would be on shore by 1979.

Most people would have concluded that, in anticipation of that event, decisions would have been made on how that gas would be distributed. But common sense and Government policy don't go together, and, although that gas is now ashore no decision has yet been made on who will be responsible for its distribution.

"Goals and Guidelines, an Energy Strategy for New Zealand," was published by the Minister of Energy in May, 1976.

Apparently the original draft did contain some form recommendations, but these were deleted from the published edition.

The original draft proposed that electricity supply authorities should unite to form energy authorities covering both electricity and gas. It stated: "Despite some progress with amalgamation in the past there are still 61 electricity supply authorities of various kinds, and the Municipal Corporations Act, 1954, permits a proliferation of gas undertakings. The existing arrangements do not make the best use of such scarce resources as skilled labour, and the unnecessary addition of further organisations would be contrary to the best interests of consumers in the industry and the nation."

The expurgated edition did note that there were a number of common characteristics in electricity and gas distribution, namely:

- There are economies of scale in larger units arising from better utilisation of technical manpower, specialised plant, vehicles, communication networks and administrative structures;
- Installation and operation can be co-ordinated with other similar energy forms so as to yield significant joint economies;
- A wide range of consumers, and appreciable size of authority, allows each authority to achieve tariffs close to the national average;
- Communities or regions can retain a local interest.

The conclusion was that "a rationalisation of energy distribution is needed".

The 1978 National Party manifesto stated that: "Where gas and electricity are being reticulated in a district, then its supply, distribution and regulation should be co-ordinated to ensure its most efficient distribution and utilisation. The basis of gas distribution to new districts will be decided on the foregoing principles and decisions will be taken by Government as gas becomes available."

The gas is available now; where are the decisions?

We are fortunate in that we have a pilot scheme in operation to demonstrate how the co-ordination of gas and electricity distribution does work in practice. At the fourth New Zealand Energy Conference the general manager of the Hutt Valley Electric Power and Gas Board presented a paper titled "An Area Energy Authority in Action." The paper presented facts to support the conclusion that there is an uncontroversial case for the co-ordination of electricity and gas distribution.

The general manager of the

Natural Gas Corporation has stated that it would be a disaster if there were a large number of small authorities to whom the corporation had to deliver gas.

The Territorial Energy Authorities Association believes that there are only two realistic options for future organisation, namely:

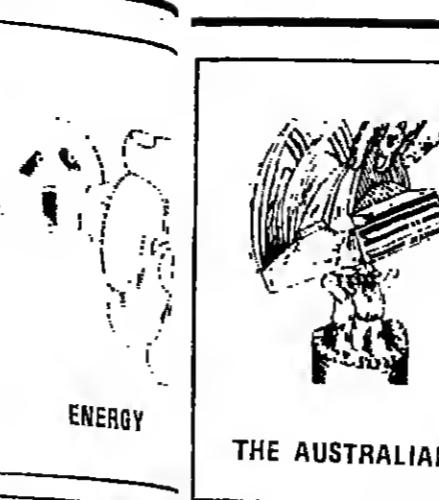
- Distribution as a function of multi-purpose regional authorities.
- Distribution as the function of special purpose regional energy authorities; or

THE third of a series on New Zealand's energy policy by David Boswell B Com, FCIS, ACA. He was a power board manager for 25 years, chairman of the Power and Finance Utilisation Committee of the Electrical Supply Authorities Association for 10 years and a member of the Committee to Review Power Requirements for the same period.

- Distribution as the function of special purpose regional energy authorities; or

New Zealand favour the first. Whatever option is finally adopted, immediate priority should be given to establishing regional energy authorities now.

Once these authorities are functioning efficiently it would require only a minor amendment to an Act of Parliament to decide to transfer them to a regional authority. The efficient operation of regional authorities is somewhere in the future, many of them are not yet constituted and the time for action is now. Surely the Government must realise that it cannot postpone making a decision indefinitely.



Melbourne Correspondent

THE current inquiry into Australia's financial system has received a submission calling for less Government regulation and more competition for Australia's banks.

The submission, presented by the Federal Department of Business and Consumer Affairs, argues that the country's banks are both too protected, and too Government

regulated.

Much of this regulation, it says, protects the banks from competition, and lends directly to the inefficiencies which abound in Australian banking.

As an example the Department points to the Government's prohibition of interest payments on demand deposits. This, it argues, has forced the banks to attract deposits through non-price competition, giving rise to an abundance of

branches with higher overhead costs.

The submission proposes that competition between banks and non-bank financial institutions should be encouraged by permitting the latter to develop credit card systems.

He said the current Bankcard rate of 18 per cent compared with overdraft rates of 10 per cent and personal loan rates around 14 per cent. Haydon expressed concern over allegations that some

State protects banks from rivalry

NATIONAL BUSINESS REVIEW, AUGUST 8, 1979-25

customers seeking personal loans and overdrafts were being directed to the more lucrative Bankcard.

He criticised the present Federal Government for not regulating the Bankcard rate and said a future Labour Government would intervene to control it, as it affects one in five Australians.

His claim, however, that the banks had made \$150 million profit this year in the credit card business was rejected by a spokesman for the Bank of New South Wales as "blatantly misleading" that figure, if it were correct, represented gross revenue, not profit.

Nonetheless participating banks cannot have drawn much comfort from the reported remarks of the present Federal Treasurer, Howard, who said he was keeping an open mind about the possibility of a second competitive credit card system, and the public disclosure of credit card profitability.

Although no figures on Bankcard profit are publicly available they have been supplied by the banks to Australia's Trade Practices Commission.

It will decide whether or not to exempt Bankcard from provisions of the Trade Practices Act forbidding contracts, arrangements, or understandings that substantially lessen competition.

The present agreement among the 14 banks fixes maximum charges with business, and the holders of credit cards, and prohibits member banks from entering into other credit card schemes. The Federation of Credit Unions League has submitted to the Trade Practices Commission that the agreement be open to all Australian financial institutions.

Whatever decision is handed down by this commission, the operation of Bankcard must still survive the scrutiny of the "Campbell" inquiry into the nation's financial system.

Bankcard is not alone in drawing criticism.

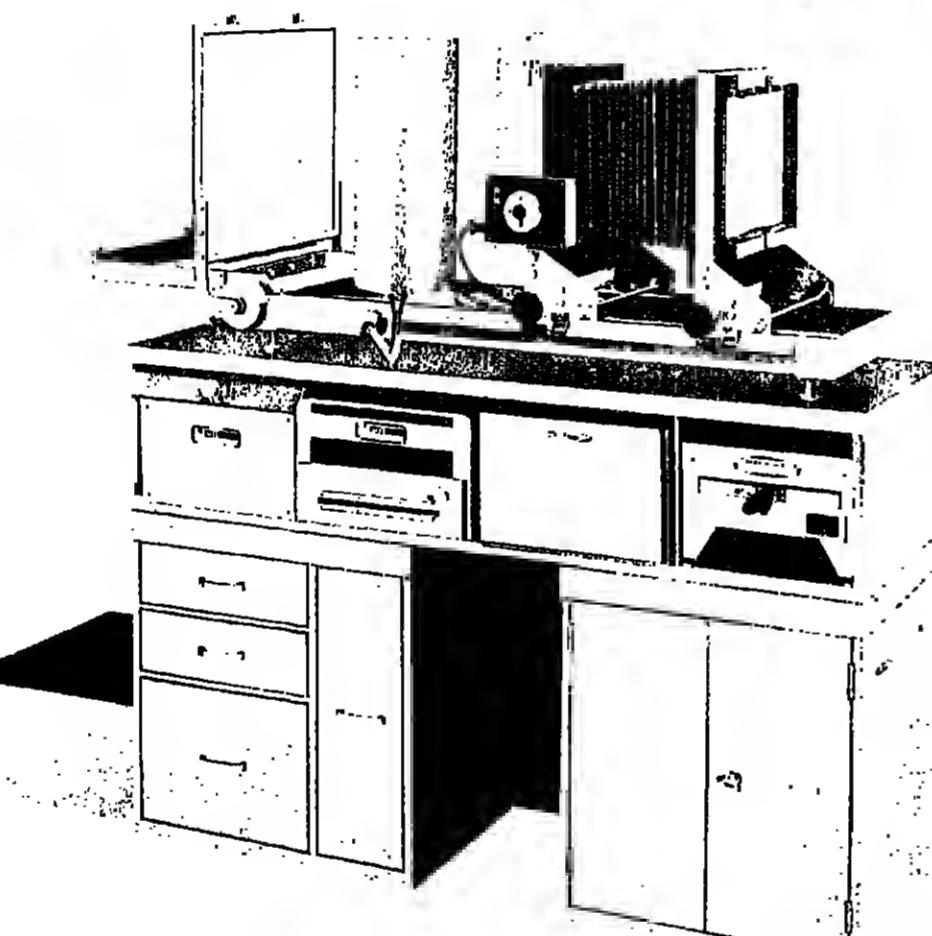
Allegations that Australian trading banks are also making unnecessarily high charges on currency conversion were made to the Campbell inquiry in a submission presented by the Australian Merchant Bankers Association.

It contends that the present limited foreign exchange market is imposing considerable costs on Australian business, and proposes a competitive market in which the merchant banks would be permitted to deal in foreign currency — currently the preserve of the trading banks.

It is more than 30 years since a new trading bank licence was issued in Australia and the general tenor of much criticism is that keener competition from both non-bank finance institutions and foreign banks would be in the national interest.



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Automatic tellers clock in for work

WITH the advent of machine readable identifying plastic cards, New Zealand banks are moving slowly but surely into the use of computer terminal equipment at the customer end of the bank transaction.

The first "automatic teller" machine arrived last month in one of the ANZ Bank's Wellington branches, allowing account holders to make chequeless withdrawals of funds and inquiries on the state of their account, without interfacing with a human teller or waiting in a queue behind others with more complex transactions.

Most other banks are

making at least some plans in the automatic teller direction.

Furthest advanced after ANZ is the Bank of New Zealand, which this month is expecting to get two IBM teller terminals for evaluation.

The National Bank was visited last month by a representative of United Kingdom parent organisation Lloyds Bank.

Lloyds was the first United Kingdom bank to introduce teller terminals. Gordon Hague, Lloyds' general manager of Information Services, insisted that he was not here to influence the

National Bank in its automatic teller plans, merely to communicate Lloyds experiences in the field.

"Planning processes are in motion" at the National Bank for installation of automatic tellers, but there were no terminals in any branch yet, even under test, said a spokesman.

Hague spoke enthusiastically about the savings both for the bank and for customers, resulting from the use of automatic tellers. In direct monetary terms, he pointed out, a cheque cost the equivalent of 56 cents to process, while the cost of an

automatic transaction is 13 cents.

Lloyd's is now beginning to pass this saving to its customers, in terms of a 40 per cent reduction in bank charges for automatic transactions.

Added to this was the obvious saving in queuing time for the customer, and the ability to transact business at any branch with automatic identification.

Lloyd's "Cechpoint" terminals have now been installed at over 800 sites, not only in bank lobbies, but on the outside wall, enabling transactions to be made outside hours, and also in non-deposit. The last have activated yet.

United Kingdom banks are moving one step at a time, but it is interesting to note that the first terminal—an earlier pair of terminals—installed by the ANZ Bank provides for enquiry as well as withdrawal, and also has facilities for

bank sites, train stores to places of employment. Most have followed Lloyd's into automatic tellers.

Inquiry facilities are already available on wall terminals, and the next step is the installation of "Creditpoints" allowing a customer to deposit money in his account at a terminal.

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Hague pointed out that annual deposit based on the customer performing the checking function & automatic deposits, bank clerks are necessary to provide a check if deposited amounts are matched with the records of the end of the month. Thus in one way respect staff time automation of depositing nothing.

Besides their big savings, the automatic units in banks and places were seen by him as building up customer confidence for a final point of sale automation move, already taken in stores in the United States completely eliminating paperwork from transaction, and providing record benefits for the store.

In the United Kingdom, the cashless transaction advantage of automated stores who would prefer handle large quantities and distrust clerks' adequate identification would be interesting, said, to view the advantages of such transactions in Zealand, where clerks considered much acceptable.

Meanwhile, the automated terminals are readying for the initial machine withdrawal, deposit and transfer terminals.

First blood has gone United States computer manufacturer, who supplied the terminals, through the International Data Rivalry are better known, IBM, NCR, Burroughs.

NCR last month announced release of its first terminal and had three wall terminals. Both good withdrawal, deposit inquiry transaction programmable according to banks' requirements.

The local Burroughs hosted last week an international division president, Bill Collier, the chance to meet the bankers who represent Burroughs' market country. Undoubtedly, they were informed of the Burroughs' move to automatic teller front, with the latest model, the RT500.

On the negative side, biggest fears of concern on the employment front. Officers Union secretary Aimer has predicted a "wave" of employment with the introduction of automatic terminals.

Increasing use of credit cards, the Databank system, the impact, claimed, of the advent of Databank late 1980s.

Hague said the effect of more people freeing the clerks from mundane tasks and then to give a more service to clients.

The bankers will

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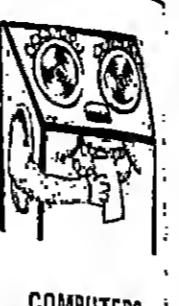
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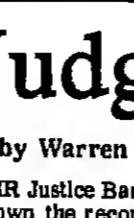
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TELEPHONE

by Warren Berryman
MR Justice Barker has turned down the recommendation of Securitibank creditors that Chas Sturt and Harold Goodman be appointed joint liquidators.

In Auckland Supreme Court, the judge appointed Goodman as sole liquidator 90 hours after an all-day hearing. Sturt was turned down because the court said he hadn't sufficient experience.

One point pursued by Mr Justice Barker throughout the hearing was whether there was a good case for the appointment of Sturt as a joint liquidator. Might it not be better, or cheaper, to appoint Goodman as liquidator and have Sturt continue in his present role as investigator? That question was central to much of the debate.

Both Goodman and Sturt said they considered themselves adequately qualified to act on their own.

But the argument kept coming back to the division of responsibilities set out in the consortium's newsletter: Goodman as the accountant handling the day-to-day liquidation, and Sturt the lawyer, pursuing civil action against Securitibank shareholders and directors. The creditors' meeting considered four pairs of joint

liquidators. Sturt and Goodman, nominated by the consortium, received the highest number of votes.

Second came Bryan Kensington and Bruce Christinos, of Wilkinson Wilberforce. They withdrew their nomination before the court hearing. See NHR July 25, 1979.

Third in voting strength were Gerry Itea and Bruce Stowell of Gilligan Morris and Co. The company act as auditors to New Zealand Insurance, a Securitibank shareholder, and have acted as auditor to South British Insurance, another Securitibank shareholder.

The fourth pair of liquidators, Francis Jolly and Murray Wells, received few votes and was not considered by the court.

The contest was between

Rea and Stowell and Sturt and Goodman.

Gould made it clear he did not consider that being an auditor of a Securitibank shareholder constituted a conflict of interest.

Firth did not agree. Nor did Mr Justice Barker. His judgement reads: "In cross examination, Rea was unable to see any conflict of interests arising from the fact that he was auditor of a shareholder whose conduct or involvement with the Securitibank group was under close scrutiny by the liquidator."

"He agreed that the partners and staff of the firm would have access to much confidential information about both insurance companies and that he and Stowell could have access, as partners, to this information, that they would be bound by confidentiality from using that information as liquidator. He stated that informal discussions with the directors of both the New Zealand and South British Insurance

Companies revealed that there

were no objections to the nomination of Rea and Stowell as liquidators.

"Rea acknowledged that

there could be difficulties in that the auditor of the New Zealand Insurance Co would

have to make some statement in his annual report to the shareholders regarding possible liability of the company under the Paraplegic Association's action (whether or not it had been taken over by the liquidator). This led to the accounts would be given in fees received from both the New Zealand Insurance Co. and from Securitibank."

Mr Justice Barker ruled

against Rea and Stowell on the grounds of conflict of interest which their firm had as auditors of New Zealand Insurance.

"An auditor must

necessarily have access to confidential information belonging to the company being audited; he is therefore bound by confidentiality from using that information as liquidator. He deemed to be an officer of the company.

"In this case, it is suggested as a reasonable possibility

Judge rejects creditors' Liquidator choice



THE LAW

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Employee stockholders set US business trend ownership pushes up productivity levels

by Philip Greer

FOUR years ago John Lupien was a supervisor at an asbestos mine in northern Vermont. The United States Environmental Protection Agency (EPA) ordered the mine's owner to install \$1.3 million worth of anti-pollution equipment. The company decided to close the mine.

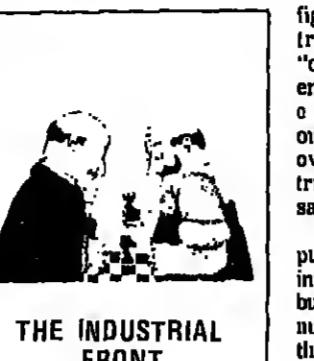
With Lupien in the lead, the miners decided to buy the mine and preserve it at 180 jobs. With \$100,000 of their own money and aided by \$2 million in loans from local banks and state agencies, the employees took over the mine and installed Lupien as chairman of the board of the newly named Vermont Asbestos Group.

In the three years that followed, the mine prospered as the market price of asbestos took a sudden — and unexpected — turn upward. The employees' shares, bought for \$50 each, soared to a value of more than \$200. In its first year under employee ownership, the mine paid a dividend of \$50 a share,

returning the entire initial investment. The next year, a dividend of \$60 a share was paid. The EPA's requirements were met in the first year of operation.

A few kilometres away, in Saratoga Springs, New York, Donald Cox is president of Saratoga Knitting Mills, bought by its employees from Cluett Peabody & Company in June 1975. In its last fiscal year under Cluett Peabody management, the mill shipped out \$3.5 million worth of lightweight fabric used for making women's undergarments. In 1977 its sales were \$9.75 million.

While both operations have been successful under employee ownership, their stories have different endings. Lupien was forced out as chairman of Vermont Asbestos Group early in 1978, after the stockholders voted to replace all but one member of the board. "I may have been a moneymaker," he says, "but I was bad at politics. As soon as a worker gets some stock he becomes a capitalist. He



THE INDUSTRIAL FRONT

thinks he can run the business better. The workers said I had been lucky for three years."

In Saratoga Springs, Cox has had no trouble with his employee-owners. "The minute my foot hits the sidewalk, everybody knows who's boss," he says. "That's the way you have to do those things." Later in the conversation, he admits he has "backed off that a little lately."

Employee ownership of American business is on the rise. There are no precise figures on the extent of the trend, chiefly because "ownership" can vary from employee trusts that hold only a few per cent of a company's outstanding shares to outright ownership, either through trusts or through direct share sales.

A number of agencies, both public and private, are involved in the conversions, but their estimates of the number of firms controlled by their employees range from "50 or 60" by an official of the United States Department of Labour to "300 to 500" by a nonprofit organisation that provides technical advice. Louis Kelso of San Francisco, who originated the idea of Employee Stock Option Trusts (ESOTs), which are rapidly gaining in popularity, says he has worked on 600 to 700.

There isn't any question, though, that employee ownership has been successful. A 1977 study by the Institute for Social Research at the University of Michigan showed that 30 employee-owned firms for which data

was available had a higher level of profit than conventionally owned firms in the same business.

A United States National Science Foundation study in 1975 found that worker productivity increased in 80 per cent of the employee-owned firms it studied.

Some individual cases are even more impressive. The plywood companies consistently out-perform their privately owned competitors. One study concluded that productivity at 12 companies was 30 per cent higher than at firms that were not owned by their employees.

Although he is a supporter of employee ownership, Greenberg agrees with the conclusion of the arrangement with problems.

"If you look at it in terms — how well does the company do in its

business, of the University of Colorado, who has studied industry, attributes the factors: the small investors required to get into business." "All you need is power," he says, and tradition of ownership in Scandinavia countries, many of the workers have

producing its product and so on," he says, "it's very clear that they equal or surpass regular companies. From the point of view of the professional manager, though, it's a pain... At the smaller companies or cooperatives, you see people walking in and out in work clothes.

Company contributions to the trust are tax-deductible, making ESOTs a popular way to raise capital for expansion.

In addition, in 1976, Congress allowed companies buying new equipment and thus entitled to a credit against their income taxes equal to 10 per cent of the cost of the equipment, to take an additional one per cent if a like amount was contributed to an ESOT.

Economist Kelso, who can take one of several forms. The most prevalent now is standard stock ownership but, thanks to help from the United States Congress, Employee Stock Ownership Trusts are growing quickly.

ESOTs are structured to borrow money and use it to buy stock in the employee's company. The company can use the funds for its own purposes and periodically makes payments to the ESOT, which are used to repay the loans. When the loan is fully paid, the shares are distributed to the employee-beneficiaries of the trust.

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PLYWOOD ATTRACTS EMPLOYEE COMPANIES... "all you need is a power saw".

way that the capital will make have-nots out of the have-itself.

The growth of ESOTs so far has come in the face of strong opposition from organised labour. Economists for labour unions say the ESOTs have been used as a substitute for the more common pension plan and that they are dangerous because the employees must rely on the fortunes of one company rather than enjoying the diversification of their assets and to pay for it in pre-tax dollars.

"It is not a give-away technique... Our technique is personal. It makes have-nots out of the have-nots without

One is called a GSOC, or General Stock Ownership Corporation, in which company shares are owned by people in the community, whether employees or not, who are directly affected by the fortunes of the company.)

Another popular form of ownership is the worker cooperative. Workers can buy different amounts of stock, but each employee has one vote on corporate policy, no matter how many shares he owns. "It's a way of separating voting control from investment," says John Blanchard of the American Friends Service Committee in Cambridge, Massachusetts, which offers technical advice on establishing co-ops.

Blanchard has worked on only a few cooperatives — meat packing, baking and printing companies among them — and says the key to his plan is enabling workers who cannot afford large investments to have same ownership and an equal voice in the company.

The problem, he says, "is that it's easier to do with a company that is labour-intensive than one that is capital-intensive (requiring large investments of capital for equipment, plants, raw

materials purchases, etc.)." No matter what form the employee ownership takes — ESOTs, cooperatives or simple stock ownership — people who deal with them say they have common problems.

"One of the pitfalls that these companies have," according to John Blanchard, "is not to provide some means of restructuring and educating and training to handle the old tensions of organisational development between labour and management.

They don't disappear. You have to provide a structured and educational format to handle those things in a regular systematic way rather than a haphazard way, so that labour problems don't become management problems. You can alleviate them if you work at it in a gradual and systematic way."

Those involved with the movement say it is inevitable that more and more companies will come to be controlled by their employers.

Says John Lupien: "I believe that in today's society, it is not just that people get involved — even invest in the company they're working for to try to control their own future, their destiny."

Control move on fore reinsures draws fire

Melbourne Correspondent

A PROMINENT American insurance executive has criticised a proposal by the Australian insurance commission to control foreign reinsurance companies operating in Australia. Quicksilver's Beneficial Corporation of the United States said, that any such attempts to control foreign reinsurance would reduce the number willing to operate in Australia.

He contended Australia's complex developing Melbourne, involves 200 parties and every person in the country has to be examined, with four days competing for passes.

Legal costs so far reached \$300,000. Under the act governing tribunal, the claimants take part in the final decision if he dies before the hearing begins against present chairman in April and a major party to dispute, a finance committee insured his life for months to guard against additional legal costs should die before the decision date.

It appears that the law takes a sensible view of Victoria's delay in Victoria's law on option for a further month's insurance, chairman's life.

nationalising insurance companies is considerable weight in international market.

argued that a state insurance agency is ready and cheap reinsurance.

The party to a case being heard by the Planning Appeals Tribunal of the State of Victoria ensured the life of chairman for \$300,000.

The appeal, over-complex developing Melbourne, involves 200 parties and every person in the country has to be examined, with four days competing for passes.

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ASBESTOS kills in several ways. First, there is asbestos. Tiny invisible asbestos fibres in the air are inhaled. They irritate the lung leaving scars in the small tubes and air sacs. This scarring is called fibrosis.

It thickens the lining of the lung's air sacs inhibiting the passage of oxygen from the air to the blood. This in turn puts a strain on the heart. The victim can die of heart failure or suffocation.

Once the scarring starts it is irreversible. Scarring left to reach an advanced stage will continue even if the victim is removed from the source of exposure.

Death can be put down to suffocation or heart failure. The root cause, asbestos, will not be discovered unless suspected and a post mortem examination is made on the victim's lungs.

Long cancer caused by asbestos is little different from that caused by smoking. It can rarely be cured. Victims usually

live from six to nine months. Mesothelioma is a rare type of cancer almost always caused by asbestos after exposure as short as one day. This cancer affects the lining of the lung and abdomen. It is incurable. It kills within six months to two years. People exposed to asbestos show increased death tendency from cancer of the stomach, oesophagus, and bowel.

American medical researchers estimate that 45 per cent of all asbestos workers will die of some form of cancer. Depending on the level of exposure to asbestos, the chance of getting cancer of any kind is three to four times higher than an unexposed worker. Deaths from lung cancer are roughly seven times higher for asbestos workers and deaths from gastro-intestinal cancers are roughly three times higher.

About 10 per cent of asbestos related deaths are due to mesothelioma. It takes most people 20 years from the time of exposure to develop cancer. Many workers become sick after they have left the job and may not even remember they were exposed to asbestos or when.

The causal link between asbestos exposure and mesothelioma is not drawn unless it is suspected and established autopsy and lung examination with an electron microscope.

The causal link has been established overseas. So far, cases of civil liability, that in New Zealand this has not been so, except where the link has been obvious and forced the public's nose by concerned trade unions.

American expert in asbestos related disease, Prof. Silberg of the Mount Sinai School of Medicine, estimates the risk of lung cancer is 20 times greater for an asbestos worker if he smokes. This is because of the synergism between tobacco smoke and asbestos fibres.

Asbestos lobby successfully quashes fears

by Warren Berryman

THIS asbestos lobby has been successful in New Zealand in playing down the dangers of asbestos.

For example, following an asbestos scare, James Hardie and Co., New Zealand's only manufacturer of asbestos cement building products and pipes published a background paper titled *Asbestos and Health* in December 1978.

It said: "Our belief, backed by expert study of all available medical research, is that the risks which were once associated with asbestos have been virtually eliminated in the manufacture of asbestos cement products."

The paper said that mesothelioma is most commonly associated with blue asbestos which is banned in most countries and has not been used here. In Hardie products for a decade.

It stressed that dangers were associated with prolonged exposure to excessive quantities of asbestos dust when the health hazards

were insufficiently appreciated and controls inadequate.

Hardie said that 90 per cent of the asbestos used in this country is bound into asbestos cement products. As the cement binds the fibres there is minimum risk of dust — except when the product is being milled or sawn.

Skilled tradesmen working with asbestos cement products can eliminate the dust risk by cutting or milling it wet. But the general public may not be aware of the dangers when working in their own homes.

While most researchers would agree with James Hardie's point that asbestos cement products are the safest form of asbestos use they would not agree with their conclusions about only high levels or prolonged exposure to asbestos dust being dangerous.

Nor would they agree with the implication that now that we have banned blue asbestos all will be right.

James Hardie also operates in Australia. In March, James

Hardie of Australia offered \$13,958 in compensation to employees permanently disabled as a result of working with asbestos.

Officers of the New South Wales Health Commission are investigating two sites where James Hardie dumped asbestos waste. This investigation was initiated by an ABC television programme "Nationwide" on the alleged health hazards of asbestos waste dumped by the company in parts of Sydney.

Australian Labour Party MP John Kerin called James Hardie's background paper a "masterpiece of deception".

"The industry overall has lulled public awareness and dulled bureaucratic surveillance through control of information, and generally created an environment which is highly profitable to companies such as Hardie but which is deadly for its workforce and the population at large," Kerin said.

Kerin asked the Australian Parliament to replace asbestos industry representatives on such Government bodies as the National Health and Medical Research Council.

"It is one of the absurdities of our society that representatives of an industry which is exposing its workers and the community to the risks of asbestos-caused diseases are advising governments on issues of public health and welfare," he said.

Awareness of the dangers related to asbestos in Australia has led to a corresponding increase in cases of compensation for sufferers.

Up to 1975 only 30 people in New South Wales had received compensation for these diseases. Compensation for asbestos victims in the State are now running in excess of 40 persons a year.

This increase is probably due to the long time lag between exposure and death. It is also due to awareness leading to establishment of cause and effect.

There are five types of asbestos: white or chrysotile asbestos is the most common; amosite, anthrophyllite, and tremolite; and chalcocite or crocidolite asbestos, which has been the subject of many asbestos scares and been banned in New Zealand for the past 10 years or so.

Most publicity related to asbestos dangers in this country has been in regard to blue asbestos. There is still a lot of blue asbestos already in place in buildings throughout the country.

Australian medical authorities are presently trying to locate New Zealanders who worked or lived in the West Australian town of Wittenoom. Blue asbestos was mined near Wittenoom and the streets of the tiny outback town are still gravelled with asbestos falling from the mine.

Wittenoom has been closed down — both the town and the mines. Tests on hundreds of workers from Wittenoom have revealed scores of asbestos related diseases. The search is on here for New Zealanders known to have lived or worked in the town.

Auckland railway workers recently discovered, on inspection of a damaged Silver Star carriage, that it was lined with blue asbestos. Investigations by the National Union of Railwaysmen show that blue asbestos had been installed in all these cars during construction in Japan.

Con O'Leary, branch secretary of the Otago branch of the union presented these facts to the 1979 NRU biennial conference.

"This is an indictment of the Railways Department and its system of overseas contracting," he said.

"Either the blue asbestos was specified in the contract, which is an indication of engineering incompetence in the light of prevailing medical and industrial opinion; or it was left unspecified, which is an indication of negligence on the part of those responsible in the department.

"The department agreed to replace the insulation in the damaged section with fibreglass — but the problem will recur constantly and with the blue asbestos becoming more crumbly and dusty with age."

O'Leary said: "There is a great deal of false and misleading information available."

He described some as coming from "well intentioned but scientifically muddled organisations such as the New Zealand Health Department."

O'Leary's remarks about the Health Department were kind compared with those coming from other unionists in the front facing asbestos exposure.

Some unionists accuse the Health Department of whitewashing asbestos dangers. The whitewash theory is supported by the Health Department's secrecy, they said. When



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Union leader labels asbestos: "time bomb"

by Warren Berryman

MANY of the 400 workers employed in Auckland's civic administration building have a sigh of relief when the Department of Health delivered an all clear report ending this country's most recent asbestos scare.

Others were not so sure the Health Department had done its job properly. Some suggested a whitewash job.

It all started months back when particles of asbestos were found on an employee's desk after work had been carried out around the building's ventilation ducts.

The Local Authorities officers' Union was called in to investigate. The Auckland Engineers' Union provided information that the interior of parts of the ventilation system was lined with asbestos.

Both unions were concerned that asbestos dust might have been blown throughout the building and breathed by employees.

American law states that employers pay their own cost of medical examinations workers who might be exposed to asbestos.

Little has been done to establish link between exposure to asbestos and death.

Between 1971 and 1978 there were six deaths and 108 cases of mesothelioma in New Zealand. These deaths have been recorded with given cause. Possibly half mesothelioma, and virtually the rest.

But there could have been hundreds of thousands of asbestos deaths put down to heart failure or cancer.

The New Zealand Engineering Union is working with Dr Silberg, the Auckland City Medical Officer of Health, to advise on asbestos removal from the building's ventilation system, or having laymen who build a hangarow with materials containing asbestos.

Asbestos kills.

But asbestos usually kills slowly. The causal link in most cases is not obvious. The asbestos electron microscope detected fibres infest the human respiratory and alimentary tracts causing respiratory disease and cancer.

The asbestos industry claims there is no substitute for the material.

Asbestos is found in nearly every home.

The asbestos industry has looked beyond the immediate cause of death to the principal cause.

Oversight studies show that asbestos-related deaths can include: a wife whose only exposure was washing her asbestos worker husband's overalls, office workers exposed on无数 to asbestos dust coming from the asbestos lining of their office building's ventilation system, or home laymen who build a hangarow with materials containing asbestos.

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"Last year we announced that our Ralta Styler Dryer package had won a N.Z. Forest Products Design Award as best carton for consumer convenience. It is a four-colour Formekote carton featuring glued block walls and a lid-over lid which converts into an attractive counter display. The Ralta Hot Pot packaging was judged best export carton and also highly commended as an outstanding structural design.

Real success in Australia

"We've received a lot of good feedback from Australia. Australian retailers are impressed with the way the pack designs work as bulk display. One retailer told us he'd been able to reduce his floor rental costs by \$6000 a year through closing his storeroom and using bulk displays of our product.

The claim that it takes long exposure or exposure to high concentrations of asbestos dust to kill is also untrue.

New Zealand passed regulations on asbestos use in 1966 to 20 percent in 1970.

Health Department figures show deaths from both blue and white asbestos.

The claim that it takes long exposure or exposure to high concentrations of asbestos dust to kill is also untrue.

The low number of death certificates in this country ascribing exposure to asbestos as the principal cause is probably due to the fact that virtually no one, and in particular the Health Department

ventilation system in the first place and should be removed.

NHM called up a selection of ventilation engineers who were incredulous that asbestos should have been used on the interior of a ventilation system. They concluded with Butterworth that it should be removed.

The Health Department's limits for white asbestos is two fibres per millilitre of air, while for blue asbestos it is 0.2 fibres.

Copies of this report were eventually made available to the union representing the employees involved.

It all started months back when particles of asbestos were found on an employee's desk after work had been carried out around the building's ventilation ducts.

They asked why only two fibres out of 20 were tested? There was also the hypothetical question of what might have happened to the report if the results had shown a hazard.

The Health Department keeps the results of such reports confidential between themselves and the employers. It is up to the employer to make them available to the employees.

Butterworth's time bomb theory was never put to the test. The Health Department tested the present levels of asbestos dust in the air. The

potential danger, should the bonding material break down releasing the fibres into the stream of ventilating air, was not evaluated.

Auckland district medical officer Norman Barnett said the department was not geared to do such a test.

"We don't deal with potential problems, but with situations as they exist at the time," he said.

Barnett was unwilling to give details of his department's testing procedures on the building. "That's between the employers and ourselves," he said.

"As far as we're concerned only blue asbestos is carcinogenic and blue asbestos has been banned here," he said. He added that he did not know of any deaths due to asbestos in this country.

Despite Barnett's reassurances, overseas research material has proved that both blue and white asbestos cause cancer and asbestos.

That is to say, it has been banned from use even where there is not a stream of air flowing over it and down the throats of no employers.

there have been at least a half dozen deaths from asbestos-caused cancer in recent years.

The employees in the building can be grouped in two schools. Those who accept the Health Department's assurances, and those who have travelled overseas and seen asbestos being treated with the caution usually associated with something like atomic waste.

Butterworth is concerned that other buildings' ventilation systems might have been done in the same way. He is now trying to track them down, seeking co-operation from the people that installed them.

It is notable that in some American cities the use of sprayed-on asbestos, such as that used in the civic administration building, has been banned entirely.

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Ralta believe export packaging is

all about avoiding problems

—not just surviving them.



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AHI Hygrade Packaging will design and produce packaging that incorporates your requirements with the basic principles of export packaging.

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There are also many other requirements for branding, shipping instructions and marks, transportation laws and packaging regulations both here and overseas.

If you would like further information or a copy of our extensive 'Packaging for Export' brochure contact your local Hygrade Sales office or the Marketing Manager, AHI Paper Products Group, Private Bag, Auckland.

could provide you with important advice and guidance.

The export market is an arena of worldwide competition. The more attractive and professional your product looks, the more chances it has for success. Our long-term experience in export packaging has helped our clients avoid the dangerous pitfalls.

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